

BOARD OF DIRECTORS – ACTION SUMMARY

Wednesday, September 8, 2004 – 6:00 p.m.

**Administration Building
2101 Hurley Way, Sacramento, CA**

CALL TO ORDER

The meeting was called to order by President Jones. Board Members present: Duveneck, Engellenner, Goold, Granados, Jones, Kelly, Lawson, Trujillo, Valley. Staff: Fire Chief Martinez, General Counsel Price, Board Clerk Tilson.

PLEDGE TO FLAG

PUBLIC OPPORTUNITY TO DISCUSS MATTERS OF PUBLIC INTEREST WITHIN DISTRICT JURISDICTION INCLUDING ITEMS ON OR NOT ON THE AGENDA

- Dick Crooks reflected on the District's outstanding advancements during the last four years to include, the equipment replacement program resulting in one of the most modern fire departments in the State; thermo imaging cameras; Rescue 21 and Haz Mat Unit 109 and a spare backup; decontamination unit included in the budget; McClellan Park Agreement with funding to protect the area; Regional Fire Training Academy at McClellan; Homeland Security, District personnel working together with other fire and public safety enforcement agencies; paramedic intern program; facilities master plan and project manager; laptop computers for the Directors; grant fund writing; ERAF funding maintained; employee salary adjustments with no layoffs; helicopter acquisition at a minuscule cost; historical background of the 1991 mutual aid fire in Oakland Hills resulting in the establishment of high fire zone areas to include the north side of the American River from Arden Way to Folsom Dam in the entire Division 5 area; strong advocate of aircraft and pointed out the many advantages of helicopter use.
- Kim Healey, residing on the corner of South Watt and Kiefer Boulevard, inquired about the timeline for purchase of property in their area for a fire training center.

Mr. Horel, Project Manager, stated in our replacement plan a new fire station is scheduled for the Rosemont area with the phase out of Stations 54 and 64, but there has been no discussion with the Board relative to a specific site location. Looked at one site in that area but no opinion has been formulated.

Contact information provided to Mr. Horel when further information is available.

CONSENT AGENDA:

1. **Special Board Meeting Action Summary—August 17, 2004**
2. **Board Meeting Action Summary—August 25, 2004**

- **Board Action:**
Goold/Valley—approve the Consent Agenda. Directors Duveneck, Engellenner, Goold, Granados, Jones, Kelly, Lawson, Trujillo, Valley, AYE. Motion carried.

ADDITION TO THE AGENDA

Counsel Price stated since the posting of the Agenda two items have arisen that are time-sensitive and requested addition of the following to the Closed Session:

❑ **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to Subdivision (b) of Section 54956.9:

Claim Against Public Entity Pursuant to Government Code Section 910 by Debra L. Dias

❑ **LABOR NEGOTIATIONS**

Pursuant to California Government Code Section 54957.6

District Negotiator: Deputy Chief Teresa Means

Employee Organization: Sacramento Area Fire Fighters Local 522

District Negotiator: Deputy Chief Teresa Means

Employee Organization: Administrative Support Personnel (ASP)

District Negotiator: Deputy Chief Teresa Means

Employee Organization: Battalion Chiefs Organization/Teamsters Local 228

- **Board Action:**
Engellenner/Goold—add the two items to the Closed Session. Directors Duveneck, Engellenner, Goold, Granados, Jones, Kelly, Lawson, Trujillo, Valley, AYE. Motion carried.

RECESS TO CLOSED SESSION 6:25 PM [To consider above two items]

RECONVENE TO OPEN SESSION 7:00 PM

Report by General Counsel Price on the two Closed Session items added to the Agenda:

❑ **CLAIM BY DEBRA L. DIAS – discussion followed by action.**

- **Board Action:**
Engellenner/Goold—deny the claim. Directors Duveneck, Engellenner, Goold, Granados, Jones, Kelly, Lawson, Trujillo, Valley, AYE. Motion carried.

❑ **LABOR NEGOTIATIONS –**

This item continued for discussion when the Closed Session resumes to consider the remaining items scheduled.

ACTION ITEM(S)

1. Elect California Special District Association (CSDA) Director-Region 2, Seat B—(Jones)

- On July 14, 2004, the District Board of Directors supported the nomination of Director Greg Granados.
- CSDA submitted names of three candidates nominated: Greg Granados, Wayne Kuntz, and Ginger Root; requesting a vote be cast for the election of one candidate. Ballot to be returned to CSDA by September 23, 2004.
- **Board Action:**
Lawson/Valley—vote to elect Director Greg Granados. Directors Engellenner, Granados, Kelly, Lawson, Trujillo, Valley, AYE. Directors Duveneck, Goold, NO. Director Jones, abstaining. Motion carried.

2. Fire Chief's Vacation Carry Over Limit—(Martinez)

- Request a one-time waiver of the maximum vacation carry over or pay for excess annual leave in accordance with the Fire Chief's Employment Agreement.
- The Fire Chief's vacation carry over may exceed the maximum by nearly 100 hours.

Prefer to carry over unused vacation.
- **Board Action:**
Goold/Duveneck—allow the Fire Chief to extend his maximum vacation limit and roll it over. Directors Duveneck, Goold, Jones, Kelly, Lawson, Trujillo, Valley, AYE. Directors Engellener, Granados, NO. Motion carried 7 – 2.

3. Bid Award – Access Security Management System—(Connor)

- In response to a Request for Bids including specifications, the following bids were received:

| | |
|--------------------------------|---------------|
| Alarms Unlimited of Sacramento | \$ 146,929.00 |
| Electronic Technologies Corp. | \$ 246,156.01 |
| Semans Communications, Inc. | \$ 185,653.96 |

Staff evaluated the bids and Alarms Unlimited of Sacramento meets all of the required specifications and is the lowest responsive bidder.

- Staff recommends the Fire Chief be authorized to contract with Alarms Unlimited of Sacramento for the purchase and installation of the access security system.
- **Board Action:**
Engellenner/Duveneck—approve the staff recommendation. Directors Duveneck, Engellenner, Gool, Granados, Kelly, Lawson, Trujillo, Valley, Jones, AYE. Motion carried.

PRESENTATION ITEM(S):

1. Fiscal Year 2004/2005 Final Budget—(Houghton)

- The budgeted Annual Revenue of \$118,920,348 exceeds budgeted General Operating Expenditures of \$118,774,642 by \$145,706.

No Undesignated Reserves are needed to fund current operations.

- District Revenue sources include: approximately 78% from total Property Tax; Medic Fees – 7.8% increase; and Grants. Anticipate an overall Revenue increase of 9%.

- **GENERAL OPERATING BUDGET:**

| | | |
|-------------------------------------|---|-----------------------|
| Employee Benefits | - | \$ 99,511,500 |
| Service and Supplies | - | 13,915,342 |
| Taxes, Licenses, Assessments | - | 2,232,100 |
| Fixed Assets | - | <u>5,160,369</u> |
| Total 2004/2005 Final Budget | - | \$ 120,819,311 |

- **BUDGET FUNDING:**

| | | |
|--------------------------------|---|-----------------------|
| Annual Revenues | - | \$ 118,920,348 |
| <i>Transfer from Reserves</i> | - | <u>1,898,963</u> |
| Total 2004/2005 Funding | - | \$ 120,819,311 |

- Employee Benefits are 82.36% of the total budget; 80% or less is desired. Rising expenditure due to contract obligations. Actual percentage last year was 77.2%.
- Questions and answers on budget items include:
 - Rental fees for the City of Rancho Cordova City Hall property -- \$6,000 per month/\$72,000 annually—not included in the budget.
 - Election Service Fees of \$120,000 – charge by the County to conduct the District election of approximately \$20,000 each for the six Divisions up for election.
 - The Personnel document shows 720 authorized positions but not all are filled. It does not include the personnel in the Paramedic Intern Program. The personnel cost is generated by using this source document as the base.

Two changes: the Communications Center JPA position will be removed and the title of Assistant Fire Chief-Finance to be changed to reflect Director of Finance.

 - Medic Fees – estimated \$809,446 increase is due to a higher rate of reimbursement in the Medicare reimbursement program effective January, 2004 but will be lowered again in January 2006.
 - Director Goold suggested the One-Time Expenditures be itemized separately and prioritized as previously done instead of one total cost.
- Fees structure under study to ensure maximum rate of reimbursement to offset costs.
- The Final Budget contains a reallocation of the \$6,629,038 Fund Balance to One-Time Expenditures—\$1,560,269, Workers' Compensation Mandate Reserves—\$730,000, and the remainder of \$4,338,769 to Undesignated Reserves.
- President Jones thanked Finance Director Houghton for his presentation.

2. Pension Financing Bonds—(Appel)

Introduction of the Pension Bond team present:

Dennis Ciocca, Sutter Securities Inc., District's Independent Financial Advisor
John Bartel, Bartel Associates, Inc., District's Independent Actuary
Robert Larkins, Lehman Brothers, District's Bond Underwriter
Matt Koch, Lehman Brothers, District's Bond Underwriter
Jacquelynne Jennings Esq., Lofton & Jennings, Underwriter's Counsel
Phil Morgan Esq., Orrick, Herrington & Sutcliffe, District's Bond Counsel
John Wang Esq., Orrick, Herrington & Sutcliffe, District's Bond Counsel

Robert Larkins of Lehman Brothers, gave a PowerPoint presentation with distribution of hard copies, to include:

- ◆ District contributes to two primary retirement systems:
 - CalPERS (Miscellaneous & Safety Plans)
 - Sacramento County Employees Retirement System (SCERS)
- ◆ Unfunded liabilities as of 6/30/04 estimated at approximately \$65 million:
 - CalPERS Miscellaneous \$3.5 million
 - CalPERS Safety \$50.4 million
 - SCERS \$11.1 million
- ◆ SCERS liabilities attributable to North Highlands and Florin Fire acquisitions and enhanced benefits are amortized as a level dollar cost through Fiscal Year 2022.
 - SCERS contractual relationship expires in 2022
- ◆ Charts and graphs depicted estimated schedule of payment for existing CalPERS liabilities. Explanation of Pension Funding Bonds and two Options—recommending Option of Callable Bonds with lower all-in interest cost of 5.62%; prepayment mechanisms and assumptions of gross savings resulting from early retirement of bonds; potential risks.
- ◆ Pension Funding Bonds Summary:
 - \$70 million maximum amount of bonds to be sold
 - Three series of bonds:
 - \$34.005 million of conventional fixed rate bonds
 - \$12.121 million of Convertible Auction Rate Securities (CARS) fixed for 14 years
 - \$20.375 million of Auction Rate Securities (ARS) fixed for 21 years
 - Estimated all-in interest cost of 5.62%
 - Estimated cashflow savings versus CalPERS and SCERS rates of \$68.897 million assuming early prepayment

- ◆ Question and answer period.
- ◆ A legal opinion dated August 11, 2004 from Philip Morgan of Orrick, Herrington & Sutcliffe relative to the Sacramento Metropolitan Fire District Taxable Pension Obligation Bonds was distributed to the Board. It stated since the District is not specifically required by the Constitutional Debt Limit to obtain voter approval before incurring any indebtedness or liability, the District need not file a validation action to clearly establish an exception to the requirement prior to issuing its pension obligation bonds.

Mr. Morgan further explained that the Constitutional Debt Limit requiring voter approval of certain local agencies does not apply to a fire district. The District's existing debt to the pension systems is simply being replaced with a substitute debt of the bond issue.

- ◆ General consensus of the Board:
 - Designate person authorized to sign the bonds—authorize the Board severally with only a single signature required. Board President as the first point of contact, thereafter Directors for Divisions 1 through 9 dependent upon availability.
 - Parameter for maximum interest rate on the Bonds issued to be left blank in the final Resolution for September 22, 2004.
- ◆ Staff is looking for a commitment from the Board to move forward, get the bond rating and bond insurance, bring documents back in final form with the exception of the insertion of the maximum interest rate.
- **Board Action:**
Duveneck/Goold—authorize moving forward with the bond sale. Directors Duveneck, Goold, Kelly, Lawson, Trujillo, Valley, Jones, AYE. Directors Engellenner, Granados, NO. Motion carried 7 – 2 vote.

PRESIDENT'S REPORT—(Jones)

None.

FIRE CHIEF'S REPORT—(Martinez)

- September 4, 2004 – Fire occurred resulting in a burned fire engine with a firefighter treated for minor burns but no serious injury.
- The Arden Arcade Cityhood Team will make a presentation to the Board regarding Cityhood on October 27, 2004.
- The Finance Division has been relocated to Administration temporarily due to the appearance of mold resulting from a broken pipe flooding their office space in July – working with the building owner on environmental actions before any decision is made to move back.
- September 22, 2004 Board meeting at 6 p.m. to be held at the San Juan Unified School District Board Room at 3738 Walnut Avenue, Carmichael. No committee meetings or closed session.
- FY 2004/2005 Final Budget discussion – modify the Staffing document to delete the Communications Center JPA position, include the paramedic intern positions. In addition to the overall number of personnel show the assignments to amplify the consolidated document. Include the lease revenue for the Rancho Cordova City Hall property.

GENERAL COUNSEL'S REPORT—(Price)

- In the case of Drew Gullion vs Sacramento Metropolitan Fire District, WCAB SAC 328121, staff and Workers' Compensation Counsel effectuated a full Compromise and Release in the total amount of \$80,000, within the settlement authority provided by the Board.

COMMITTEE AND DELEGATE REPORTS:**Executive Committee—(Jones)**

- Next meeting: TBA

Communications Center Delegate—(Engellenner)

- Next Meeting: September 28, 2004 – 10:30 a.m.

California Fire & Rescue Training Authority—(Goold)

- Next Meeting: September 16, 2004 – 10:00 a.m.

Finance Committee—(Jones)

- Meeting Cancellation: September 22, 2004
- Next meeting: October 27, 2004 – 5:00 p.m.

Policy Committee—(Granados)

- Meeting Cancellation: September 8, 2004
- Next meeting: October 13, 2004 – 5:00 p.m.

BOARD MEMBER QUESTIONS AND COMMENTS:**Duveneck:**

- In addition to staff, thanked the Board for their good work tonight.

Lawson:

- Echoed same sentiment.
- Thanked Assistant Chief Hartley of Community Services and Station 106 for their contribution to the success of the Labor Council's Labor Day Picnic on September 6, 2004 at William Land Park, with about 2,000 people attending.

Director Engellenner departed the meeting.

RECESS TO CLOSED SESSION 9:05 PM**RECONVENE TO OPEN SESSION 9:40 PM**

Report by General Counsel Price:

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to California Government Code Section 54956.9(a) – Two (2) Cases

Russell E. Knierim vs Sacramento Metropolitan Fire District
WCAB SAC 0328703

John Costello vs Sacramento Metropolitan Fire District
SAC WCAB 332341

The Board discussed the two cases and provided settlement authority to the Workers' Compensation counsel. If and when a settlement is effectuated in either case, the terms of the settlement will be reported at a subsequent open session.

2. LABOR NEGOTIATIONS – continued

The Board provided direction to the Fire Chief and the District Negotiator regarding the three represented employee groups.

ADJOURNMENT: The meeting was adjourned at 9:45 p.m.

Gay Jones, President

H. Peter Engellenner, Secretary

Charlotte Tilson, Clerk of the Board